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merchants, and there need not be any increased cost passed onto the customer and/or merchant beyond the tax obligations which should be rightfully paid.

Please replaced the paragraph beginning on page 10, line 1 with the following paragraph:

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With reference to Fig. 2, further detail is provided of the control system 32 and its network communications with a merchant (via merchant node 50₁), the merchant's bank (via merchant bank node 54₁) and the tax authority node 60₁ (which, in at least some embodiments, may be the financial institution for the taxing authority). In particular, Fig. 2 illustrates that the present invention, in addition to computing taxes on network 46 sales, also acts as a clearinghouse for the collection of taxes (e.g. sales taxes, use taxes, excise taxes, etc.) and for providing of reports to the appropriate tax authority and/or merchant.

Please replaced the paragraph beginning on page 26, line 12 with the following paragraph:

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(1.4) Tax authority interaction control system 432: For those tax authorities (or other authorized entities) that are permitted to modify tax criteria data, e.g., how transactional taxes are calculated, the tax authority interaction control system 432 controls and/or provides the communications interface for communicating via the network 46 with such tax authorities (or more precisely, the tax authority nodes 60). Thus, the tax authority interaction control system 432 includes a network interface and security subsystem 252B which may be identical to the network interface and security subsystem 252A of the merchant interaction control system 256 mentioned hereinabove. In particular, the network interface and security subsystem 252B provides a secure socket layer (SSL) as part of the network 46 interface with the tax authority nodes 60. Further note that the subsystem 252B may provide encrypted communications using, e.g., public/private encryption keys (e.g., DES, DES3 or IPSEC) and/or an encryption key per tax authority as one skilled in the art will understand. The network interface and security subsystem 252B (and 252A) includes the appropriate modules for transmitting and receiving data from the network 46 according to the network protocols supported by the network 46. Thus, if the network is the Internet (or portion thereof), then TCP/IP as well as other protocols such as http, html, and FTP may be supported as one skilled in the art will understand.

Please replaced the paragraph beginning on page 33, line 22 with the following paragraph:

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Figure 9 describes the high level steps performed by the present invention when calculating the tax(es) on a customer 44 purchase of a product from a merchant enrolled with the network taxation

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system 32. Accordingly, in step 604 of Figure 9 a merchant's e-commerce engine/server 86 commences processing a sale of a product to a customer 44. Note that instead of the sale being via the merchant's e-commerce engine/server 86 wherein the customer 44 is remotely linked to the merchant by the network 46, the customer 44 may instead be interacting with personnel for the merchant wherein the sales transaction information is entered into an off-line sales transaction system (as this term has been described hereinabove). Since in either case (i.e., whether the customer 44 purchases a product via the merchant's e-commerce engine/server 86, or the merchant's off-line sales transaction system), substantially the same steps are performed by the present invention whenever taxes are to be computed by a tax gateway 34 or 40. In step 608, the tax agent subsystem 48 (e.g., a tax gateway plug-in 82) is activated at the merchant's site for requesting tax calculation by a tax gateway 34 or 40. In particular, the tax agent subsystem 48 transmits sale transaction data about the sale to the tax gateway. Subsequently, in step 612, the merchant interaction control system 256 receives the sale transaction data. More particularly, the network interface and security 252A receives the sale transmission data via, e.g., a secure socket layer (SSL) and verifies that the sale transaction data is from an enrolled merchant. In one embodiment, such verification may be performed by the merchant permissions system 452. In another embodiment, such merchant verification may be performed by the merchant enrollment system 444. Regardless of which of the systems 444 and 452 are activated for performing merchant verification, such verification is performed by retrieving the (any) merchant's identification record and associated business rules (that the merchant has selected) from the merchant database 456. Subsequently, in decision step 616, the merchant interaction control system 256 uses the sale transaction data together with the merchant's business rules for determining whether to calculate at least some transactional taxes, or provide only a verification (and/or enhancement) of an address for the customer 44 provided within the sales transaction data. Note that since some of the merchant's business rules may provide certain default types of processing for such sale transaction data, processes for implementing the merchant selected business rules will be performed unless: (a) the sale transaction data has information specifying alternative processing for one or more of the merchant selected business rules, and (b) such business rules permit such alternative processing. Thus, a merchant may select as a business rule that all sale transaction data instances received by the tax gateway 34 or 40 should have all applicable taxes computed. However, the merchant may specify in a given instance of sale transaction data that no taxes are to be calculated, and instead, only the customer's address is to be verified. Further, note that the present decision step of 616 may be performed through the activation of the GUI controller 436A when the sale transaction data (or instance thereof) is provided interactively via the merchants network browser 52, or interactively via some version of the tax agent subsystem 48 which is used as an adjunct to the merchants off-line sales transaction system. Alternatively, decision step 616 may be performed independently of the GUI

cont. A4 controller 436A when an instance of the sale transaction data is provided automatically via the tax gateway plug-in 82.

Please replace the paragraph beginning on page 52, line 32 with the following paragraph:

A5 5. Reporting Location ID: Can be an identifier that a tax authority assigns to uniquely identify data when more than one tax authorities' taxes are reported on a common document as occurs with (United States) States that collect taxes and receive reports that cover their own as well as county taxes, etc.

Please replace the paragraph beginning on page 53, line 12 with the following paragraph:

A6 8. Taxable Percentage: a value representing the percentage of a line item that is taxable (i.e. if this amount is greater than zero, the value of a line item is multiplied by this value and the intermediate result is then divided by 100 and the result is the amount on which a tax rate from an instance of tax rate data, as defined hereinabove, is applied).

Please replace the paragraph beginning on page 54, line 1 with the following paragraph:

A7 11. Over Maximum Tax Rate: a value, expressing a percentage of the accumulated amount of line items and/or individual products that exceed the amount, as defined in Maximum Taxable Amount, as defined hereinabove, used to calculate all or part of the tax imposed, if this method of taxation is used for a particular tax code.

Please replace the paragraph beginning on page 55, line 1 with the following paragraph:

A8 19. Fee Amount: a value that can be applied as a tax either as an addition to the tax calculated from a tax rate (from an instance of tax rate data as defined hereinabove), or in lieu of such a tax rate.

IN THE CLAIMS:

Please amend claim 12 as follows:

A9 12. (Once Amended) In a system involved with the collection of taxes related to at least one of sales of goods and services that includes a plurality of customer computers including a first customer computer, a plurality of merchant computers including a first